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DATE OF INFORM

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THIS IS UNEVALUATED INFORMATION

Soviet Zone Ownership of Leuna/Heavy Industry Production/Shortages

2.

Since 1 Jan 54, the Leuna works are no longer under Soviet administration, but have become socialized. The management of the plant reports to the head of the Department of Heavy Industry, Secretary (fnu) Selbmann. This Department controls coal mining, energy generation, pig iron and steel production and the chemical industry. The value of the production of these industries was set at 10.8 billion Soviet German Marks for 1954. The main capital investments in 1954 are for coal mining, energy generation, pig iron and steel production. A substantial lack of the following chemical products exists: phenol, synthetic rubber, formaldehyde, fibres, plastics and soda ash. These statements were disclosed by Mr Selbmann at a meeting which took place on 22 Dec 53 at the Department of Heavy Industry in Berlin. Following are heavy industry production figures for 1953 and planned production for 1954.

Production  
1953

Production  
1954

Energy generation in billions KWH  
Lignite mining in mm tons  
Pig iron in mm tons

24.7  
172  
1.1

27.1  
188  
1.45

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Ammonium Sulfate Exports/Profits of Leuna

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3. "The Leuna Works are exporting considerable amounts of ammonium sulfate to the USSR, and also to Sweden. Deliveries of reparations are now called industrial exports. The profit of the Leuna Works, amounting to approximately 160 to 180 million Soviet German Marks per year, is, as before, transferred to the USSR.

Five-year Plan

4. "We are presently working on projects for the second five-year plan, 1956-1960. The Leuna Works are directed to produce by 1960 the following products: 1

Methanol	120 thousand m tons/yr
Nitrogen as fertilizer	400 to 500 thousand m tons/yr
Synthetic gasoline and diesel fuel	170 thousand m tons/yr

The figure for synthetic gasoline is to be understood over and above the present capacity. The increase of the synthesis gas production will be based on the use of Winkler gasifiers using lignite char.<sup>2</sup> The synthesis gas production using coke from bituminous coals will be slowly abandoned so that raw materials from Soviet Germany may be used as a basis for its industries.

Military Training

5. "Very Important: Peoples' policemen, considered as reservists after five years of military training, are transferred into the factories as workers. Volunteers are then militarily trained to replace the transferred policemen (good salaries). In that way, they are raising a Soviet Army in Germany. Furthermore, the SED party is forming armed attack troops in the factories in order to encounter any repetitions of the uproar of 17 Jun 53. The USSR prepares here, slowly but systematically, for an armed attack on Western Europe. A sudden attack on the Federal Republic and France would not surprise us. The West has to rearm much faster or it will lose Europe.
6. "Our vacation homes are continuously inhabited by 'liberty fighters' (Communists) from the Federal Republic on a cost-free basis.<sup>3</sup> What is the western world up to?

Radio Reception/Suggestion to Improve Morale

7. "At Leuna, the radio stations Rias and NWDR can no longer be heard as a result of the eastern disturbing stations. [ ] the following steps to improve our situation. If enacted, it would show that the Federal

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[2. The Winkler process is well tried out and is now in use in Leuna.]

[3. Vacation homes probably refer to vacation resorts maintained by Leuna for its employees.]

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Republic is not giving us up:

- a. Stations of sufficient capacity, which certainly could be heard, should be erected in West Berlin and at the border of the Soviet German zone.
- b. The East German youth should be attracted to study at West German universities by arrangements which enable them to study free of charge.
- c. Return tickets (not round-trip tickets) for Soviet Germans visiting the Federal Republic should be made available free of charge.

Political Atmosphere

8. "In economical regards, the USSR has made some concessions, as a result of June 1953, in favor to the Soviet zone. Politically, however, the riots pressure is continuously increasing. In March 1954, two chemists of the Leuna Works were fired since they had been elected as leaders of the strike organization on 17 Jun 53. Whoever stays in the Soviet zone has to agree on the political stupidity or, otherwise, will lose his position.

Leuna Personnel/Returnees from USSR

9. "Some of the chemists and engineers, deported to the USSR in 1946, returned to Leuna [redacted]. Two of these are Messrs (fnu) Asinger and (fnu) Smeikal. In the USSR, they earned 6 thousand to 8 thousand rubels per month. Chief engineer (fnu) Roesch of the Electrical Department died. Mr (fnu) Deinhardt has retired 5, Dr (fnu) Zapf 6 escaped to the Federal Republic [redacted]. More and more are leaving.
10. "Please, destroy this letter after reading or copying, whereby my signature should be omitted."

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[5. Deinhardt had charge of the oxygen plant.]

[6. Zapf had charge of water utilities.]

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